Dear Mr McGovern,

The following response to the Commission’s Issues Paper 2016/01 is on behalf of the two exporters:-

- Hebei Goldpro New Materials Technology Co.Ltd. (Goldpro) and;
- Jiangsu Yute Grinding International Co. Ltd., (YUTE)

both companies being privately owned and operated commercial entities producing Grinding Balls from locally purchased steel grinding bars.

Firstly, the following part statement on page 2 of the Issues Paper under the heading ‘Subsidy Program 31’ is simply wrong in respect to both these exporters as evidenced by their respective responses to the Commission’s two questionnaires requesting details of grinding bar purchases:

‘Moly-Cop further submitted that all known suppliers of grinding bar to exporters of grinding balls to Australia are State Invested Enterprises (SIEs) etc.’

As per their responses to the Commission detailing purchases of grinding bars, YUTE had no purchases from any SIE and Goldpro, which purchased circa [redacted] tonnes during the I.P, sourced [redacted]% of its grinding bars from NON SIE’s and only [redacted]% from a known SIE producer with the remaining [redacted]% sourced via a SIE supplier, not being a producer.

We submit that in the absence of any positive, compelling evidence that the prices paid by these two producers of grinding balls are artificially low the Commission has no basis for rejecting the private domestic prices paid by these two producers for their grinding bars.
We therefore object to the Commission applying the Moly-Cop suggestion of applying reported prices of Turkish and RSA billet prices not only on the basis that any reported price data as the term suggests is not actual price data as evidenced by transactions, but also on the basis that the applicants have not produced any evidence of the private domestic prices for grinding bars being artificially low.

These exporters could not have received any direct benefit under subsidy program 31, being steel billet at less than adequate remuneration, and there is no positive evidence to support the assertion that they have received any indirect, or flow-on benefit under that program.

It would simply be at odds with what the Government of China (GOC) has previously advised the Commission on the 17th December 2015 if the Commission were to accept the applicant’s claims in respect of subsidy program 31, as the GOC stated in relation to the investigation on steel reinforcing bar initiated by Moly-Cop’s associated entity ‘Onesteel’ that no evidence had been provided to demonstrate that inputs including steel billet, coking coal, coke etc. were provided for less than adequate remuneration.

We therefore submit that absent any factual foundation that these exporters received any benefit from the subject subsidy, the Commission has no alternative but to accept the private domestic prices paid by these exporters as being a competitive market cost for grinding bar and that their domestic sales of grinding balls are suitable for determining normal values.

What needs to be understood and given serious consideration is the factual and evidential fall in major commodity prices including those of iron ore and coking coal, being the two major input costs of integrated steel producers and which have dramatically reduced the steel making cost of Chinese integrated steel makers. It is also factual that China is by far the world’s biggest steel producer and therefore the China domestic steel market, logically, should be one of the most competitive markets globally.

On the issue of electricity costs, the reference to the silicon metal case ex China is totally irrelevant given the respective costs of electricity for producing the highly energy intensive silicon metal and grinding balls. As previously submitted, even if we were to accept that electricity was supplied to these exporters at less than market prices, the amount of subsidy would be negligible.

Not entirely irrelevant however is our observation that based on China export data of steel bars under the ‘tariff code’ 72 28 30 90 for the investigation period, some 43,600 tonnes were exported to Australia. We believe that the ‘tariff code’ of 72 28 30 90 covers steel feed bar for grinding balls including steel bar grades XK 5095 and XK 51105 produced by China exporters including Suzhou Suxin Special Steel Group and the Hebei Iron & Steel Group.
Based on the China export data and our own market intelligence it is obvious therefore
that the Australian production of grinding balls is using Chinese steel grinding bars and
that Onesteel is not the sole supplier of steel bar to the applicants.

In summary, we respectfully submit that these two exporters are compliant in terms of
Sub-regulation 43 (2) of the Customs (International Obligations) Regulation 2015, on the
basis that they are producers of grinding balls that keep records relating to those goods,
and the records are in accordance with the general accounting principles and practices of
China, and in our opinion, reasonably reflect competitive market costs associated with the
production of grinding balls they exported to Australia.

We thank the Commission for this opportunity to respond to its Issues Paper.

Regards,

M J Howard